

WEALTH MARKETS AND COMMERCE

In the Event

of a period of industrial depression what type of bond will be least subject to fluctuations?

Inquiries Invited

W. C. Langley & Co.
Investments
115 Broadway, New York

INVESTMENT LITERATURE

Booklet on Conservative Investment Bonds, describing over 55 issues of Railroad, Public Utility, Municipal and Industrial Bonds. Write for Booklet No. 369.

Circular on Convertible Bonds, describing practically all the important issues now upon the market. Write for Circular No. 361.

Circular on Listed Stocks, describing more than 100 issues of Railroad and Industrial Stocks listed on the New York Stock Exchange. Write for Circular No. 362.

Spencer Trask & Co.
Investment Securities
25 Broad Street, New York
ALBANY BOSTON CHICAGO
Members New York Stock Exchange

Brief Descriptions of Conservative Investments
Yielding from 5.10 to over 6%

are contained in a circular just prepared by us. A copy will be sent on request for circular No. 507-A.

William P. Bonbright & Co.
Incorporated
14 Wall Street, New York
London Paris
William P. Bonbright & Co. Bonbright & Co.

Reorganized Railroads
of the present day compared with the great investment opportunities of former years.

Circular K-17 on request.

A. A. Housmann & Co.
Members New York Stock Exchange
20 Broad Street, New York
BRANCHES:
6 East 43d St., 22 West 33d St.
Amsterdam Berlin

Eastern Steel
Bought—Sold—Quoted

C. C. Kerr & Co.
2 Wall St., N. Y. Phone 6780 Rector

MacAndrews & Forbes
R. J. Reynolds Tob.

WEBB, LEVETT & CO.
43 EXCHANGE PLACE, NEW YORK
Tel. 1641-7 Hanover

American Water Wks. & Elec. Com.
Adriatic Elec. Com. & Pfd.
Connecticut Ry. & L. Com.
Elec. Bond & Share Pfd.
No. Ontario L. & P. Pfd.
No. States Power Pfd.

FREDERIC H. HATCH & CO.
Phone Broad 3410. 30 Broad St., New York
Exclusive representatives to Boston and Philadelphia

Finance - Economics

WALL STREET OFFICE:
Mills Building, 15 Broad St.

Telephone:
Hanover 6514

Tuesday, February 13, 1917.

The sad thing about Representative Lindbergh's castigation of the Federal Reserve Board is that so much good white paper should be used in printing it.

While exports from the Port of New York for the week ended February 10 are "reported" by the Custom House at the enormous total of \$93,144,060, it is officially stated that this amount is made up entirely of merchandise exported prior to February 2. No reports have yet been issued by the Custom House of any merchandise actually exported since the German U-boat edict went into effect, and until such figures are available it will be impossible to determine definitely what effect submarine activity has had upon our export trade.

The proposed investigation of the high cost of living to be made at the direction of President Wilson by the Federal Trade Commission, with the cooperation of the Department of Agriculture, is deserving of commendation for one thing, at least. It is unique in that it will start without a theory to which any facts disclosed by the survey must be fitted. President Wilson made it clear that there will be no prejudgment when he said:

It has been alleged before committees of Congress and elsewhere that the course of trade in important food products is not free, but is restricted and controlled by artificial and illegal means. It is of the highest public concern to ascertain the truth or falsity of these allegations. No business can be transacted effectively in an atmosphere of suspicion. If the allegations are well grounded it is necessary that the nature and extent of the evils and abuses be accurately determined so that proper remedies—legislative or administrative—may be applied. If they are not true it is equally essential that the public be informed, so that unrest and dissatisfaction may be allayed.

In any event, because of the grave public interest which the food supply affects, the efficient performance of the duties imposed upon agencies of the government requires that all the pertinent facts be ascertained.

Commonly Federal, state and municipal investigations of such problems begin in suspicion of all who have anything to do with food other than merely the eating of it, and end nowhere at all. There is a formula from which there is seldom a departure. The campaign is usually opened with a bitter denunciation of "the loathsome food speculators" and the "cold-storage barons" and other more or less vague persons, who are popularly supposed to have amassed great wealth through preying upon a defenceless public. It is a method of attack which is easily capitalized in the form of big headlines for the chief investigator, but that is nearly always the main, if not the sole, result. When the headlines cease the investigation generally dies a natural death.

Starting without bias, the latest Federal investigation is likely to get further and do more real good than any which have preceded it. It is quite possible that minor evils and the remedies for them will be found which will have made the investigation really worth while. But that it will result in materially lowering the cost of living is improbable. Laws may be enacted without end and investigations may go on forever without changing in the slightest degree the most important factor—the immutable law of supply and demand.

The trouble, if there really is any of consequence, is with the people themselves. Their needs, real or imagined, are ever expanding, and they refuse to economize. Candles and coal oil may be cheaper, but no one thinks of using them where gas and electricity are available. It is not so many years ago that the family of average income was satisfied to have meat three or four times a week. Now it has meat three times a day, ordered over the telephone to save the bother of shopping, and delivered in an automobile. So long as people are able to do these things, no material decrease in the cost of living (which, after all, is largely a matter of the standard of living) can be expected. An extended period of depression would bring about the desired result, if it really is desired. If people were compelled to do with less for a few years, they would be less careless with money for a long while after prosperity returned. Unfortunately, the cycle would eventually return to the present phase, however, and the disease would have been endured without even the satisfaction of a permanent cure. And

it is not sure that the cure would be desirable even were it attained. All that would happen would be that people would save more by lowering the standard of living, in some cases perhaps by living within their incomes, for, like everything else, necessity and pleasure are relative.

Besides, it is by no means sure that the real cost of living is so high as many people believe it to be. The problem gets out of perspective when only prices are considered, for they constitute but one factor in the equation. The purchasing power of income is the real test of living cost, and such data as are available indicate that in general people have as great command over goods as they ever had. The net income figures recently compiled for "The Annalist" by Professor B. M. Anderson, Jr., of Harvard, when reduced to a per capita basis and contrasted with Dun's index number of commodity prices, afford suggestive testimony along that line. They are given here:

Year	Net Income Per Capita, 1916	Change from 1915	Commodity Prices, 1916	Change from 1915
1910	\$331	—	\$119.16	—
1911	315	-4.8	118.13	-0.9
1912	354	+9.9	122.27	+4.1
1913	359	+5.5	116.31	-2.4
1914	331	-8.6	119.70	+3.4
1915	353	+2.2	124.95	+5.3
1916	483	+130.0	145.14	+20.2

It is true, of course, that the general level of prices has risen faster than wage rates; but, on the other hand, the constancy of employment is an important factor, and while conclusive statistical evidence is lacking, such as is available strongly supports the point developed by the figures given above, which is that, in spite of high prices, people are able to live better than they did when prices were much lower. The late James J. Hill was probably right when he said that the trouble was not the high cost of living, but the cost of high living.

Money and Credit

Rates continue to work toward higher levels in the local money market. The general belief entertained in high financial circles that a United States government loan of large proportions will be announced in the near future is the chief factor of importance at the moment. Banks and trust companies are placing themselves in readiness for the reception of such an offering, and this is the most important reason for the relatively stiffer tone of fixed rate funds, including commercial paper, as compared with call money.

Call money rates at the New York Stock Exchange opened the new week unchanged yesterday at 2½ per cent, and some loans were made on a basis of 2½ per cent. There was an abundance of funds available for such loans. On the other hand, the offerings of time money were curtailed to such an extent as to result in higher rates, 4½ to 4¾ per cent being quoted for practically all dates. One of the largest national banks in the city has declined to grant renewals in some cases, forcing borrowers to seek time accommodation elsewhere or resort to the call money market. Another bank, usually a large lender of out-of-town money, has not put out fresh funds for a fixed period for upward of a week.

Ruling rates on money yesterday, compared with a year ago, were as follows:

	Yesterday	Year ago
Call money.....	2½%	1¾%
Time money (mixed collateral):		
60 days.....	4¼@4½%	2½@2¾%
90 days.....	4¼@4½%	2¾%
4 months.....	4¼@4½%	2¾@3%
5 to 6 mos.....	4¼@4½%	3%

Commercial Paper.—Dulness continues the chief characteristic of the commercial paper market. The tone is firm. The general market is now on a basis of 4½ to 4¾ per cent for prime regular maturities, representing an advance of ¼ per cent over last week's closing quotations.

Official rates of discount of each of the twelve Federal districts are as follows:

	Days	Over	Over
	15 or 15 up	30 up	60 up
Least to 30 to 60 to 90			
Boston.....	3/2	4	4
New York.....	4	4	4
Philadelphia.....	3/2	4	4
Cleveland.....	3/2	4	4 1/2
Richmond.....	4	4	4
Atlanta.....	4	4	4
Chicago.....	3/2	4	4 1/2
St. Louis.....	3	4	4 1/2
Minneapolis.....	4	4	4 1/2
Kansas City.....	4	4 1/2	4 1/2
Dallas.....	3/2	4	4 1/2
San Francisco.....	3	3 1/2	4 1/2

Bank Clearings.—The day's clearings at New York and other cities:

	Exchanges	Balance
New York.....	\$420,884,540	\$25,410,827
Baltimore.....	5,483,949	1,080,373
Boston.....	38,969,489	4,699,463
Chicago.....	55,312,072	6,993,431
Philadelphia.....	49,639,050	2,457,778
St. Louis.....	15,891,584	982,456

Sub-Treasury.—New York banks lost to Sub-Treasury, \$296,000.

Boston Bank Statement.—The weekly statement of the Boston banks dis-

closed a decrease of \$15,048,000 in surplus reserves. Loans and discounts increased \$12,098,000.

Silver at 79 Cents.—Commercial bar silver at 79 cents an ounce yesterday stood at the highest price since 1892. The current quotation compares with 77½ cents on Saturday, an advance of 1½ cents an ounce since last week.

The sharp upturn in this market followed a similar moving in London. Bar silver was 1-16 pence higher there at 28-7-16 pence per ounce. Strength of silver in London at the present time is attributed largely to the scarcity of supplies, which has been heightened by the curtailment of shipments from New York since Germany's attempt to blockade England.

The Dollar in Foreign Exchange

Quiet conditions prevailed in the foreign exchange market at the opening of the new week. Long bills on London were strong, with sixty-day drafts quoted at 4.7½.

Italian exchange was weak, falling to a new low record of 7.31 lire to the dollar, compared with 7.29½ on Saturday.

German marks were a shade firmer, 67½ cents for four.

Closing rates yesterday, compared with a week ago, were as follows:

	Yesterday	Week ago
Sterling, demand.....	4.75½	4.75½
Sterling, sixty days.....	4.72½	4.72½
Sterling, cables.....	4.72½	4.76½
Sterling, ninety days.....	4.70	4.70½
France, demand.....	5.84½	5.84½
France, cables.....	5.83½	5.83½
Guillemers, checks.....	40½	40½
Guillemers, cables.....	40½	40½
Austrian, kronen, chks.....	67½	67½
Reichsmarks, checks.....	67½	67½
Reichsmarks, cables.....	67½	67½
Lire, checks.....	7.31	7.27
Lire, cables.....	7.29½	7.29½
Swiss, checks.....	5.00	5.02
Swiss, cables.....	4.99	5.01
Stockholm, kr., chks.....	11.05	10.70
Copenhagen, kr., chks.....	29.45	29.55
Pesetas, checks.....	21.20	21.20
Pesos (Argentina).....	1.01½	1.01
Rubles, checks.....	29.10	28.70

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange value	Intrinsic value
Pounds, sterling.....	\$4.75½	\$4.86½
France.....	0.17 1/16	0.19 3/16
Guillemers.....	0.40½	0.40 1/2
Marks.....	0.17 1/2	0.23 1/8
Rubles.....	0.28 90	0.51 2
Lire, checks.....	0.13 8	0.19 3
Crowns (Denmark).....	0.27 40	0.26 8
Crowns (Sweden).....	0.29 45	0.26 8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for \$4.75½; the intrinsic parity is \$4.86½ per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

PHILIPPINE BANK IS CHOSEN CORRESPONDENT

Reserve Board's Action Means Larger Trade on Dollar Basis

The Federal Reserve Board yesterday formally appointed the Philippine National Bank, in Manila, to be correspondent in the Philippines of the San Francisco Reserve Bank. This is the first appointment of a foreign correspondent bank.

John Perrin, chairman of the board of the San Francisco Federal Reserve Bank, said that designation of the Philippine National Bank as correspondent of the Federal Bank there means that international trade in the islands, especially with America, is to shift from the pound sterling to a dollar basis. Instead of goods being bought and paid for with drafts on London, it would be possible to deal in drafts on the reserve bank here, the unit of exchange being the American dollar.

He said trade between the United States and the Philippines would be greatly stimulated by means of the new banking facilities.

Commercial Paper.—Dulness continues the chief characteristic of the commercial paper market. The tone is firm. The general market is now on a basis of 4½ to 4¾ per cent for prime regular maturities, representing an advance of ¼ per cent over last week's closing quotations.

Official rates of discount of each of the twelve Federal districts are as follows:

	Days	Over	Over
	15 or 15 up	30 up	60 up
Least to 30 to 60 to 90			
Boston.....	3/2	4	4
New York.....	4	4	4
Philadelphia.....	3/2	4	4
Cleveland.....	3/2	4	4 1/2
Richmond.....	4	4	4
Atlanta.....	4	4	4
Chicago.....	3/2	4	4 1/2
St. Louis.....	3	4	4 1/2
Minneapolis.....	4	4	4 1/2
Kansas City.....	4	4 1/2	4 1/2
Dallas.....	3/2	4	4 1/2
San Francisco.....	3	3 1/2	4 1/2

Bank Clearings.—The day's clearings at New York and other cities:

	Exchanges	Balance
New York.....	\$420,884,540	\$25,410,827
Baltimore.....	5,483,949	1,080,373
Boston.....	38,969,489	4,699,463
Chicago.....	55,312,072	6,993,431
Philadelphia.....	49,639,050	2,457,778
St. Louis.....	15,891,584	982,456

Sub-Treasury.—New York banks lost to Sub-Treasury, \$296,000.

Boston Bank Statement.—The weekly statement of the Boston banks dis-

M. K. & T. NEEDS \$65,000,000 FOR REHABILITATION

Annual Saving of \$4,500,000 Could Be Effectuated, Expert Reports

If the Missouri, Kansas & Texas Railway Company spends at least \$65,000,000 during the next eight years in rehabilitation and improvements the railroad ultimately should be operated at a saving of \$4,500,000 annually, because of increased efficiency and physical improvements, according to a report on the property made by J. W. Kendrick, of Chicago.

Along with the publication of this report yesterday a bill of equity and judgment on second mortgage bonds amounting to \$20,000,000 was filed in the United States District Court at Dallas, Tex., against the Missouri, Kansas & Texas Railway Company by attorneys representing the Bankers Trust Company of New York. No opposition to the filing was made.

This is the first foreclosure proceeding instituted by creditors of the line since the receivership two years ago. Holders of first mortgages as yet have taken no action, and, according to the railroad's attorneys, action will be taken to have yesterday's bill consolidated with the general receivership case, which has for its object the final straightening of the railroad's financial affairs.

In the opinion of Mr. Kendrick, who was employed by New York bankers to make a survey of the railroad, probably not more than \$10,000,000 can be expended advantageously over the next two years. Certain of the economies in operation declared to be practicable cannot be realized for some time in the railroad expert's judgment, his estimate being that the net saving for the year 1920 should be \$1,420,000.

The budget prepared by Receiver Schiff and approved by Mr. Kendrick includes \$12,500,000 for track replacement, drainage, ballast, protection to roadbed and bridges, and \$14,000,000 for grade revisions and extensions.

Basis of Reorganization

"The reorganization," adds Mr. Kendrick, "should undoubtedly take into consideration the fact that the future requirements of the property for money will be considerable. They will by no means end with the expenditure of \$65,000,000, as the railroad must be strengthened and provided with facilities to an extent sufficient to enable it to meet the requirements of the future without the necessity for another reorganization. That is, to my mind, the reorganization should be effected upon a basis which will make it possible to sell any amount of securities for the legitimate purposes of the property."

On the basis of increase indicated by the showing in recent years, Mr. Kendrick estimates that the M. K. & T. gross earnings in 1920 will be about \$39,000,000, or approximately \$6,000,000 more than they were for the fiscal year ended June 30, 1916.

PROFITS IN EXPLOSIVES SOLD TO ALLIES HUGE

Net Earnings of du Pont Concern Over \$82,000,000 in 1916

Wilmington, Del., Feb. 13.—All records, both as to volume of business and net earnings, were broken by the E. I. du Pont de Nemours Company last year, according to the annual report of the company, made public tonight. Gross receipts for the year ended December 31, 1916, aggregated \$311,845,684, an increase of 11.30 per cent, as compared with the average sales for 1913 and 1914, which amounted to \$282,107,478. Net earnings in 1916 were \$82,107,492, and in addition to the payment of 6 per cent dividends on the debenture stock of the company, a total of 100 per cent in dividends was

Significant Relations

Money and Prices:

	Now	A year ago
Stock of money gold in the country.....	\$2,912,465,116	\$2,328,421,835
Dec. 27, 1916.....	\$8,340,000,000	\$7,233,929,000
Loans of all national banks.....		
Total reserve (i. e., cash in national bank vaults and on deposit with Federal Reserve banks).....	\$1,493,433,000	\$1,212,960,000
Ratio of this total reserve to gross deposit liabilities of national banks.....	12.1%	11.9%
Discounts of Federal Reserve banks.....	Last week \$128,292,000	A year ago \$52,728,000
Their liability for notes, net.....	13,093,000	9,557,000
Their gold reserve against deposit and circulation.....	73%	76.4%
Average price of 15 railroad stocks.....	Yesterday 111.65	The day before 110.47
Average price of 12 industrial stocks.....	93.54	92.74
Food cost of living (Annalist index number).....	Last week 219.58	The week before 215.45

Production:

	January	December	A year ago
Unfilled U. S. Steel orders, tons.....	11,474,054	11,547,286	8,568,965
Pig iron (daily average), tons.....	101,643	101,975	102,746
Wheat crop, bushels.....	639,886,000	1,012,000,000	1,012,000,000
Corn crop, bushels.....	2,593,241,000	3,055,000,000	11,191,820

Distribution:

	January	December	A year ago
Net shortage of freight cars.....	59,892	107,778	47,081
Net surplus of freight cars.....			
Gross railroad earnings.....	Last week \$17.1%	Fourth week \$17.1%	Fourth week \$17.1%
Bank clearings.....	Last week \$58.4%	Fourth week \$58.4%	Fourth week \$58.4%

distributed to common stockholders during the year.

Since October, 1914, about \$60,000,000 has been expended in the construction of new plants to fill "war orders." Early contracts with the belligerent nations, the report says, were closed at prices approximately 25 per cent higher than before the war, and "out of this price there has been set aside an amount sufficient to amortize the cost of constructing new plants to fill such contracts, and consequently it became possible to quote lower prices on later contracts."

Relevant Information

Atlas Powder.—Gross sales of the company aggregated \$20,652,916 in 1916, compared with \$9,389,491 in 1915, according to the annual report issued yesterday. The balance available for common stock dividends was equal to \$9.99 per cent on \$5,002,400 of common, compared with \$5.80 per cent earned on \$4,168,700 common in 1915.

Chandler Motor Car Company.—The report for the full year of 1916 shows a net profit of \$1,716,166, equal to \$24.51 a share of stock outstanding. Cash dividends of \$700,000 were paid on the \$7,000,000 outstanding stock and \$1,016,166 was added to surplus account.

United States Cast Iron Pipe.—Directors of this company declared a dividend of 5 per cent on the preferred stock yesterday, payable in four quarterly instalments. The first distribution of 1¼ per cent is to be made March 15. A statement was issued to the effect that the question of declaring an additional 2 per cent to make 7 per cent for the year was deferred until later in the year. Dividends were resumed on the preferred stock on January 21, 1915, with the payment of 2 per cent out of earnings. On October 25 the directors ordered the distribution of 2 per cent extra, making 4 per cent in all paid on this issue in 1916